

Appendix

A

Financial Statement Information

This appendix includes financial information for (1) **Research In Motion**, (2) **Apple**, (3) **Palm**, and (4) **Nokia**. This information is taken from their annual 10-K reports (20-F for Nokia) filed with the SEC. An **annual report** is a summary of a company's financial results for the year along with its current financial condition and future plans. This report is directed to external users of financial information, but it also affects the actions and decisions of internal users.

A company often uses an annual report to showcase itself and its products. Many annual reports include photos, diagrams, and illustrations related to the company. The primary objective of annual reports, however, is the *financial section*, which communicates much information about a company, with most data drawn from the accounting information system. The layout of an annual report's financial section is fairly established and typically includes the following:

- Letter to Shareholders
- Financial History and Highlights
- Management Discussion and Analysis
- Management's Report on Financial Statements and on Internal Controls
- Report of Independent Accountants (Auditor's Report) and on Internal Controls
- Financial Statements
- Notes to Financial Statements
- List of Directors and Officers

This appendix provides the financial statements for Research In Motion (plus selected notes), Apple, Palm, and Nokia. The appendix is organized as follows:

- **Research In Motion** A-2 through A-18
- **Apple** A-19 through A-23
- **Palm** A-24 through A-28
- **Nokia** A-29 through A-33

RIM
Apple
Palm
NOKIA

Many assignments at the end of each chapter refer to information in this appendix. We encourage readers to spend time with these assignments; they are especially useful in showing the relevance and diversity of financial accounting and reporting.

Special note: The SEC maintains the EDGAR (**E**lectronic **D**ata **G**athering, **A**nalysis, and **R**etrieval) database at www.sec.gov. (Over the next few years, the SEC will be moving to IDEA, short for Interactive Data Electronic Applications, which will eventually replace the EDGAR system.) The **Form 10-K** is the annual report form for most companies. It provides electronically accessible information. The **Form 10-KSB** is the annual report form filed by small businesses. It requires slightly less information than the Form 10-K. One of these forms must be filed within 90 days after the company's fiscal year-end. (Forms 10-K405, 10-KT, 10-KT405, and 10-KSB405 are slight variations of the usual form due to certain regulations or rules.)

Research In Motion Financial Report

Research In Motion Limited
Summary Data—Management's Discussion and Analysis of Financial Condition and Results of Operations

As at and for the Fiscal Year Ended	February 27, 2010	February 28, 2009	March 1, 2008	March 3, 2007	March 4, 2006
	(in thousands, except for per share amounts)				
Revenue	\$ 14,953,224	\$ 11,065,186	\$ 6,009,395	\$ 3,037,103	\$ 2,065,845
Cost of sales	8,368,958	5,967,888	2,928,814	1,379,301	925,598
Gross margin	6,584,266	5,097,298	3,080,581	1,657,802	1,140,247
Operating expenses					
Research and development	964,841	684,702	359,828	236,173	158,887
Selling, marketing and administration	1,907,398	1,495,697	881,482	537,922	314,317
Amortization	310,357	194,803	108,112	76,879	49,951
Litigation	163,800	—	—	—	201,791
Total operating expenses	3,346,396	2,375,202	1,349,422	850,974	724,946
Income from operations	3,237,870	2,722,096	1,731,159	806,828	415,301
Investment income	28,640	78,267	79,361	52,117	66,218
Income before income taxes	3,266,510	2,800,363	1,810,520	858,945	481,519
Provision for income taxes	809,366	907,747	516,653	227,373	106,863
Net income	\$ 2,457,144	\$ 1,892,616	\$ 1,293,867	\$ 631,572	\$ 374,656
Earnings per share					
Basic	\$ 4.35	\$ 3.35	\$ 2.31	\$ 1.14	\$ 0.66
Diluted	\$ 4.31	\$ 3.30	\$ 2.26	\$ 1.10	\$ 0.64
Weighted-average number of shares outstanding (000's)					
Basic	564,492	565,059	559,778	556,059	566,742
Diluted	569,759	574,156	572,830	571,809	588,468
Total asset	\$ 10,204,409	\$ 8,101,372	\$ 5,511,187	\$ 3,088,949	\$ 2,314,349
Total liabilities	\$ 2,601,746	\$ 2,227,244	\$ 1,577,621	\$ 605,449	\$ 318,934
Total long-term liabilities	\$ 169,969	\$ 111,893	\$ 103,190	\$ 58,874	\$ 34,709
Shareholders' equity	\$ 7,602,663	\$ 5,874,128	\$ 3,933,566	\$ 2,483,500	\$ 1,995,415

**REPORT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

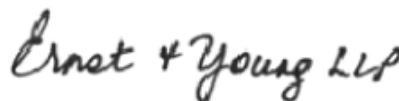
To the Shareholders of **Research In Motion Limited**

We have audited the accompanying consolidated balance sheets of **Research In Motion Limited** [the "Company"] as at February 27, 2010 and February 28, 2009, and the related consolidated statements of operations, shareholders' equity and cash flows for the years ended February 27, 2010, February 28, 2009 and March 1, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at February 27, 2010 and February 28, 2009, and the results of its operations and its cash flows for the years ended February 27, 2010, February 28, 2009 and March 1, 2008, in conformity with United States generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of February 27, 2010, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 1, 2010 expressed an unqualified opinion thereon.



Kitchener, Canada,
April 1, 2010.

Chartered Accountants
Licensed Public Accountants

**REPORT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

To the Shareholders of **Research In Motion Limited**

We have audited **Research In Motion Limited's** [the "Company"] internal control over financial reporting as of February 27, 2010, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ["the COSO criteria"]. The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

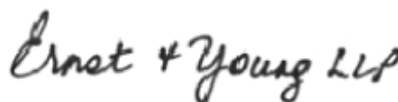
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that [1] pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; [2] provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and [3] provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 27, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as at February 27, 2010 and February 28, 2009, and the consolidated statements of operations, shareholders' equity and cash flows for the years ended February 27, 2010, February 28, 2009 and March 1, 2008 of the Company and our report dated April 1, 2010 expressed an unqualified opinion thereon.



Kitchener, Canada,
April 1, 2010.

Chartered Accountants
Licensed Public Accountants

Research In Motion Limited
Consolidated Balance Sheets

(\$US, in thousands)	February 27, 2010	February 28, 2009
Assets		
Current		
Cash and cash equivalents	\$ 1,550,861	\$ 835,546
Short-term investments	360,614	682,666
Accounts receivable, net	2,593,742	2,112,117
Other receivables	206,373	157,728
Inventories	621,611	682,400
Other current assets	285,539	187,257
Deferred income tax asset	193,916	183,872
Total current assets	5,812,656	4,841,586
Long-term investments	958,248	720,635
Property, plant and equipment, net	1,956,581	1,334,648
Intangible assets, net	1,326,363	1,066,527
Goodwill	150,561	137,572
Deferred income tax asset	—	404
Total assets	<u>\$10,204,409</u>	<u>\$8,101,372</u>
Liabilities		
Current		
Accounts payable	\$ 615,620	\$ 448,339
Accrued liabilities	1,638,260	1,238,602
Income taxes payable	95,650	361,460
Deferred revenue	67,573	53,834
Deferred income tax liability	14,674	13,116
Total current liabilities	2,431,777	2,115,351
Deferred income tax liability	141,382	87,917
Income taxes payable	28,587	23,976
Total liabilities	<u>2,601,746</u>	<u>2,227,244</u>
Shareholders' Equity		
Capital stock		
Preferred shares, authorized unlimited number of non-voting, cumulative, redeemable and retractable	—	—
Common shares, authorized unlimited number of non-voting, redeemable, retractable Class A common shares and unlimited number of voting common shares.		
Issued — 557,328,394 voting common shares (February 28, 2009 — 566,218,819)	2,207,609	2,208,235
Treasury stock		
February 27, 2010 — 1,458,950 (February 28, 2009 — nil)	(94,463)	—
Retained earnings	5,274,365	3,545,710
Additional paid-in capital	164,060	119,726
Accumulated other comprehensive income	51,092	457
Total shareholders equity	<u>7,602,663</u>	<u>5,874,128</u>
Total liabilities and shareholders' equity	<u>\$10,204,409</u>	<u>\$8,101,372</u>

Research In Motion Limited
Consolidated Statements of Operations

(\$US, in thousands, except per share data)

For the Year Ended	February 27, 2010	February 28, 2009	March 1, 2008
Revenue			
Devices and other	\$12,535,998	\$ 9,410,755	\$4,914,366
Service and software	2,417,226	1,654,431	1,095,029
Total revenue	<u>\$14,953,224</u>	<u>11,065,186</u>	<u>6,009,395</u>
Cost of sales			
Devices and other	7,979,163	5,718,041	2,758,250
Service and software	389,795	249,847	170,564
Total cost of sales	<u>8,368,958</u>	<u>5,967,888</u>	<u>2,928,814</u>
Gross margin	<u>6,584,266</u>	<u>5,097,298</u>	<u>3,080,581</u>
Operating expenses			
Research and development	964,841	684,702	359,828
Selling, marketing and administration	1,907,398	1,495,697	881,482
Amortization	310,357	194,803	108,112
Litigation	163,800	—	—
Total operating expenses	<u>3,346,396</u>	<u>2,375,202</u>	<u>1,349,422</u>
Income from operations	<u>3,237,870</u>	<u>2,722,096</u>	<u>1,731,159</u>
Investment income	28,640	78,267	79,361
Income before income taxes	<u>3,266,510</u>	<u>2,800,363</u>	<u>1,810,520</u>
Provision for income taxes	<u>809,366</u>	<u>907,747</u>	<u>516,653</u>
Net income	<u>\$ 2,457,144</u>	<u>\$ 1,892,616</u>	<u>\$1,293,867</u>
Earnings per share			
Basic	<u>\$ 4.35</u>	<u>\$ 3.35</u>	<u>\$ 2.31</u>
Diluted	<u>\$ 4.31</u>	<u>\$ 3.30</u>	<u>\$ 2.26</u>

Research In Motion Limited
Consolidated Statements of Shareholders' Equity

(\$US, in thousands)	Capital Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance as at March 3, 2007	\$2,099,696	\$ 36,093	\$ —	\$ 359,227	\$(11,516)	\$2,483,500
Comprehensive income (loss):						
Net income	—	—	—	1,293,867	—	1,293,867
Net change in unrealized gains on available-for-sale investments	—	—	—	—	13,467	13,467
Net change in fair value of derivatives designated as cash flow hedges during the year	—	—	—	—	37,564	37,564
Amounts reclassified to earnings during the year	—	—	—	—	(9,232)	(9,232)
Other paid-in capital	—	9,626	—	—	—	9,626
Shares issued:						
Exercise of stock options	62,889	—	—	—	—	62,889
Transfers to capital stock from stock option exercises	7,271	(7,271)	—	—	—	—
Stock-based compensation	—	33,700	—	—	—	33,700
Excess tax benefits from stock-based compensation	—	8,185	—	—	—	8,185
Balance as at March 1, 2008	\$2,169,856	\$ 80,333	\$ —	\$1,653,094	\$ 30,283	\$3,933,566
Comprehensive income (loss):						
Net income	—	—	—	1,892,616	—	1,892,616
Net change in unrealized gains on available-for-sale investments	—	—	—	—	(7,161)	(7,161)
Net change in fair value of derivatives designated as cash flow hedges during the year	—	—	—	—	(6,168)	(6,168)
Amounts reclassified to earnings during the year	—	—	—	—	(16,497)	(16,497)
Shares issued:						
Exercise of stock options	27,024	—	—	—	—	27,024
Transfers to capital stock from stock option exercises	11,355	(11,355)	—	—	—	—
Stock-based compensation	—	38,100	—	—	—	38,100
Excess tax benefits from stock-based compensation	—	12,648	—	—	—	12,648
Balance as at February 28, 2009	\$2,208,235	\$119,726	\$ —	\$3,545,710	\$ 457	\$5,874,128
Comprehensive income:						
Net income	—	—	—	2,457,144	—	2,457,144
Net change in unrealized gains on available-for-sale investments	—	—	—	—	6,803	6,803
Net change in fair value of derivatives designated as cash flow hedges during the year	—	—	—	—	28,324	28,324
Amounts reclassified to earnings during the year	—	—	—	—	15,508	15,508
Shares issued:						
Exercise of stock options	30,246	—	—	—	—	30,246
Transfers to capital stock from stock option exercises	15,647	(15,647)	—	—	—	—
Stock-based compensation	—	58,038	—	—	—	58,038
Excess tax benefits from stock-based compensation	—	1,943	—	—	—	1,943
Purchase of treasury stock	—	—	(94,463)	—	—	(94,463)
Common shares repurchased	(46,519)	—	—	(728,489)	—	(775,008)
Balance as at February 27, 2010	\$2,207,609	\$164,060	\$(94,463)	\$5,274,365	\$ 51,092	\$7,602,663

Research In Motion Limited
Consolidated Statements of Cash Flows

For the Year Ended (\$US, in thousands)	February 27, 2010	February 28, 2009	March 1, 2008
Cash flows from operating activities			
Net income	\$ 2,457,144	\$ 1,892,616	\$ 1,293,867
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	615,621	327,896	177,366
Deferred income taxes	51,363	(36,623)	(67,244)
Income taxes payable	4,611	(6,897)	4,973
Stock-based compensation	58,038	38,100	33,700
Other	8,806	5,867	3,303
Net changes in working capital items	(160,709)	(769,114)	130,794
Net cash provided by operating activities	<u>3,034,874</u>	<u>1,451,845</u>	<u>1,576,759</u>
Cash flows from investing activities			
Acquisition of long-term investments	(862,977)	(507,082)	(757,656)
Proceeds on sale or maturity of long-term investments	473,476	431,713	260,393
Acquisition of property, plant and equipment	(1,009,416)	(833,521)	(351,914)
Acquisition of intangible assets	(421,400)	(687,913)	(374,128)
Business acquisitions, net of cash acquired	(143,375)	(48,425)	(6,200)
Acquisition of short-term investments	(476,956)	(917,316)	(1,249,919)
Proceeds on sale or maturity of short-term investments	970,521	739,021	1,325,487
Net cash used in investing activities	<u>(1,470,127)</u>	<u>(1,823,523)</u>	<u>(1,153,937)</u>
Cash flows from financing activities			
Issuance of common shares	30,246	27,024	62,889
Additional paid-in capital	—	—	9,626
Excess tax benefits from stock-based compensation	1,943	12,648	8,185
Purchase of treasury stock	(94,463)	—	—
Common shares repurchased	(775,008)	—	—
Repayment of debt	(6,099)	(14,305)	(302)
Net cash provided by (used in) financing activities	<u>(843,381)</u>	<u>25,367</u>	<u>80,398</u>
Effect of foreign exchange gain (loss) on cash and cash equivalents	<u>(6,051)</u>	<u>(2,541)</u>	<u>4,034</u>
Net increase (decrease) in cash and cash equivalents for the year	<u>715,315</u>	<u>(348,852)</u>	<u>507,254</u>
Cash and cash equivalents, beginning of year	<u>835,546</u>	<u>1,184,398</u>	<u>677,144</u>
Cash and cash equivalents, end of year	<u>\$ 1,550,861</u>	<u>\$ 835,546</u>	<u>\$ 1,184,398</u>

RIM—SELECTED Notes to the Consolidated Financial Statements

\$US in thousands, except share and per share data, and where otherwise indicated

**1. RESEARCH IN MOTION LIMITED
AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Research In Motion Limited (“RIM” or the “Company”) is a leading designer, manufacturer and marketer of innovative wireless solutions for the worldwide mobile communications market. Through the development of integrated hardware, software and services that support multiple wireless network standards, RIM provides platforms and solutions for seamless access to time-sensitive information including email, phone, short messaging service (SMS), Internet and intranet-based applications. RIM technology also enables a broad array of third party developers and manufacturers to enhance their products and services with wireless connectivity to data. RIM’s portfolio of award-winning products, services and embedded technologies are used by thousands of organizations and millions of consumers around the world and include the BlackBerry wireless solution, and other software and hardware. The Company’s sales and marketing efforts include collaboration with strategic partners and distribution channels, as well as its own supporting sales and marketing teams, to promote the sale of its products and services.

Basis of presentation and preparation

The consolidated financial statements include the accounts of all subsidiaries of the Company with intercompany transactions and balances eliminated on consolidation. All of the Company’s subsidiaries are wholly-owned. These consolidated financial statements have been prepared by management in accordance with United States generally accepted accounting principles (“U.S. GAAP”) on a basis consistent for all periods presented except as described in note 2. Certain of the comparative figures have been reclassified to conform to the current year presentation. The Company’s fiscal year end date is the 52 or 53 weeks ending on the last Saturday of February, or the first Saturday of March. The fiscal years ended February 27, 2010, February 28, 2009, and March 1, 2008 comprise 52 weeks.

The significant accounting policies used in these U.S. GAAP consolidated financial statements are as follows:

Use of estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions with respect to the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Significant areas requiring the use of

management estimates relate to the determination of reserves for various litigation claims, provisions for excess and obsolete inventories and liabilities for purchase commitments with contract manufacturers and suppliers, fair values of assets acquired and liabilities assumed in business combinations, royalties, amortization expense, implied fair value of goodwill, provision for income taxes, realization of deferred income tax assets and the related components of the valuation allowance, provisions for warranty and the fair values of financial instruments. Actual results could differ from these estimates.

Foreign currency translation

The U.S. dollar is the functional and reporting currency of the Company. Foreign currency denominated assets and liabilities of the Company and all of its subsidiaries are translated into U.S. dollars. Accordingly, monetary assets and liabilities are translated using the exchange rates in effect at the consolidated balance sheet date and revenues and expenses at the rates of exchange prevailing when the transactions occurred. Remeasurement adjustments are included in income. Non-monetary assets and liabilities are translated at historical exchange rates.

Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and liquid investments with maturities of three months or less at the date of acquisition.

Accounts receivable, net

The accounts receivable balance which reflects invoiced and accrued revenue is presented net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects estimates of probable losses in accounts receivables. The Company is dependent on a number of significant customers and on large complex contracts with respect to sales of the majority of its products, software and services. The Company expects the majority of its accounts receivable balances to continue to come from large customers as it sells the majority of its devices and software products and service relay access through network carriers and resellers rather than directly.

The Company evaluates the collectability of its accounts receivables based upon a combination of factors on a periodic basis such as specific credit risk of its customers, historical trends and economic circumstances. The Company, in the normal course of business, monitors the financial condition of its customers and reviews the credit history of each new

\$US in thousands, except share and per share data, and where otherwise indicated

customer. When the Company becomes aware of a specific customer's inability to meet its financial obligations to the Company (such as in the case of bankruptcy filings or material deterioration in the customer's operating results or financial position, and payment experiences), RIM records a specific bad debt provision to reduce the customer's related accounts receivable to its estimated net realizable value. If circumstances related to specific customers change, the Company's estimates of the recoverability of accounts receivables balances could be further adjusted. The allowance for doubtful accounts as at February 27, 2010 is \$2.0 million (February 28, 2009- \$2.1 million).

Investments

The Company's investments, other than cost method investments of \$2.5 million and equity method investments of \$4.1 million, consist of money market and other debt securities, and are classified as available-for-sale for accounting purposes. The Company does not exercise significant influence with respect to any of these investments.

Investments with maturities one year or less, as well as any investments that management intends to hold for less than one year, are classified as short-term investments. Investments with maturities in excess of one year are classified as long-term investments.

The Company determines the appropriate classification of investments at the time of purchase and subsequently reassesses the classification of such investments at each balance sheet date. Investments classified as available-for-sale are carried at fair value with unrealized gains and losses recorded in accumulated other comprehensive income (loss) until such investments mature or are sold. The Company uses the specific identification method of determining the cost basis in computing realized gains or losses on available-for-sale investments which are recorded in investment income.

The Company assesses individual investments in an unrealized loss position to determine whether the unrealized loss is other-than-temporary. The Company makes this assessment by considering available evidence, including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the fair value has been less than cost, the financial condition, the near-term prospects of the individual investment and the Company's intent and ability to hold the investments. In the event that a decline in the fair value of an

investment occurs and the decline in value is considered to be other-than-temporary, an impairment charge is recorded in investment income equal to the difference between the cost basis and the fair value of the individual investment at the balance sheet date of the reporting period for which the assessment was made. The fair value of the investment then becomes the new cost basis of the investment.

Effective in the second quarter of fiscal 2010, if a debt security's market value is below its amortized cost and the Company either intends to sell the security or it is more likely than not that the Company will be required to sell the security before its anticipated recovery, the Company records an other-than-temporary impairment charge to investment income for the entire amount of the impairment. For other-than-temporary impairments on debt securities that the Company does not intend to sell and it is not more likely than not that the entity will be required to sell the security before its anticipated recovery, the Company would separate the other-than-temporary impairment into the amount representing the credit loss and the amount related to all other factors. The Company would record the other-than-temporary impairment related to the credit loss as a charge to investment income and the remaining other-than-temporary impairment would be recorded as a component of accumulated other comprehensive income.

Derivative financial instruments

The Company uses derivative financial instruments, including forward contracts and options, to hedge certain foreign currency exposures. The Company does not use derivative financial instruments for speculative purposes.

Inventories

Raw materials are stated at the lower of cost and replacement cost. Work in process and finished goods inventories are stated at the lower of cost and net realizable value. Cost includes the cost of materials plus direct labour applied to the product and the applicable share of manufacturing overhead. Cost is determined on a first-in-first-out basis.

Property, plant and equipment, net

Property, plant and equipment is stated at cost less accumulated amortization. No amortization is provided for construction in progress until the assets are ready for use. Amortization is provided using the following rates and methods:

Buildings, leaseholds and other	Straight-line over terms between 5 and 40 years
BlackBerry operations and other information technology . .	Straight-line over terms between 3 and 5 years
Manufacturing equipment, R&D equipment and tooling . .	Straight-line over terms between 2 and 8 years
Furniture and fixtures	Declining balance at 20% per annum

\$US in thousands, except share and per share data, and where otherwise indicated

Intangible assets, net

Intangible assets are stated at cost less accumulated amortization and are comprised of acquired technology, licenses, and patents. Acquired technology consists of purchased developed technology arising from the Company's business acquisitions. Licenses include licenses or agreements that the Company has negotiated with third parties upon use of third parties' technology. Patents comprise trademarks, in-

ternally developed patents, as well as individual patents or portfolios of patents acquired from third parties. Costs capitalized and subsequently amortized include all costs necessary to acquire intellectual property, such as patents and trademarks, as well as legal defense costs arising out of the assertion of any Company-owned patents.

Intangible assets are amortized as follows:

Acquired technology	Straight-line over 2 to 5 years
Licenses	Straight-line over terms of the license agreements or on a per unit basis based upon the anticipated number of units sold during the terms, subject to a maximum of 5 years
Patents	Straight-line over 17 years or over estimated useful life

Goodwill

Goodwill represents the excess of the purchase price of business acquisitions over the fair value of identifiable net assets acquired. Goodwill is allocated as at the date of the business combination. Goodwill is not amortized, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate the asset may be impaired.

Impairment of long-lived assets

The Company reviews long-lived assets such as property, plant and equipment and intangible assets with finite useful lives for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the total of the expected undiscounted future cash flows is less than the carrying amount of the asset, a loss is recognized for the excess of the carrying amount over the fair value of the asset.

Income taxes

The Company uses the liability method of tax allocation to account for income taxes. Deferred income tax assets and liabilities are recognized based upon temporary differences between the financial reporting and tax bases of assets and liabilities, and measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred income tax assets to the amount that is more likely than not to be realized. The Company considers both positive evidence and negative evidence, to determine whether, based upon the weight of that evidence, a valuation allowance is required. Judgment is required in considering the relative impact of negative and positive evidence.

Revenue recognition

The Company recognizes revenue when it is realized or realizable and earned. The Company considers revenue real-

ized or realizable and earned when it has persuasive evidence of an arrangement, the product has been delivered or the services have been provided to the customer, the sales price is fixed or determinable and collectability is reasonably assured. In addition to this general policy, the following paragraphs describe the specific revenue recognition policies for each major category of revenue.

Devices

Revenue from the sales of BlackBerry devices is recognized when title is transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. For hardware products for which software is deemed not to be incidental, the Company recognizes revenue in accordance with industry specific software revenue recognition guidance. The Company records reductions to revenue for estimated commitments related to price protection and for customer incentive programs, including reseller and end-user rebates. The estimated cost of the incentive programs are accrued based on historical experience, as a reduction to revenue in the period the Company has sold the product and committed to a plan. Price protection is accrued as a reduction to revenue based on estimates of future price reductions and certain agreed customer inventories at the date of the price adjustment. In addition, provisions are made at the time of sale for warranties and royalties.

Service

Revenue from service is recognized rateably on a monthly basis when the service is provided. In instances where the Company bills the customer prior to performing the service, the prebilling is recorded as deferred revenue.

Software

Revenue from licensed software is recognized at the inception of the license term and in accordance with industry

\$US in thousands, except share and per share data, and where otherwise indicated

specific software revenue recognition guidance. When the fair value of a delivered element has not been established, the Company uses the residual method to recognize revenue if the fair value of undelivered elements is determinable. Revenue from software maintenance, unspecified upgrades and technical support contracts is recognized over the period that such items are delivered or that services are provided.

Other

Revenue from the sale of accessories is recognized when title is transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. Technical support ("T-Support") contracts extending beyond the current period are recorded as deferred revenue. Revenue from repair and maintenance programs is recognized when the service is delivered which is when the title is transferred to the customer and all significant contractual obligations that affect the customer's final acceptance have been fulfilled. Revenue for non-recurring engineering contracts is recognized as specific contract milestones are met. The attainment of milestones approximates actual performance.

Shipping and handling costs

Shipping and handling costs charged to income are included in cost of sales where they can be reasonably attributed to certain revenue; otherwise they are included in selling, marketing and administration.

Multiple-element arrangements

The Company enters into transactions that represent multiple-element arrangements which may include any combination of hardware and/or service or software and T-Support. These multiple-element arrangements are assessed to determine whether they can be separated into more than one unit of accounting or element for the purpose of revenue recognition. When the appropriate criteria for separating revenue into more than one unit of accounting is met and there is vendor specific objective evidence of fair value for all units of accounting or elements in an arrangement, the arrangement consideration is allocated to the separate units of accounting or elements based on each unit's relative fair value. When the fair value of a delivered element has not been established, the Company uses the residual method to recognize revenue if the fair value of undelivered elements is determinable. This vendor specific objective evidence of fair value is established through prices charged for each revenue element when that element is sold separately. The revenue recognition policies described above are then applied to each unit of accounting.

Research and development

Research costs are expensed as incurred. Development costs for BlackBerry devices and licensed software to be

sold, leased or otherwise marketed are subject to capitalization beginning when a product's technological feasibility has been established and ending when a product is available for general release to customers. The Company's products are generally released soon after technological feasibility has been established and therefore costs incurred subsequent to achievement of technological feasibility are not significant and have been expensed as incurred.

Comprehensive income (loss)

Comprehensive income (loss) is defined as the change in net assets of a business enterprise during a period from transactions and other events and circumstances from non-owner sources and includes all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company's reportable items of comprehensive income are cash flow hedges and changes in the fair value of available-for-sale investments. Realized gains or losses on available-for-sale investments are reclassified into investment income using the specific identification basis.

Earnings per share

Earnings per share is calculated based on the weighted-average number of shares outstanding during the year. The treasury stock method is used for the calculation of the dilutive effect of stock options.

Stock-based compensation plans

The Company has stock-based compensation plans.

Warranty

The Company provides for the estimated costs of product warranties at the time revenue is recognized. BlackBerry devices are generally covered by a time-limited warranty for varying periods of time. The Company's warranty obligation is affected by product failure rates, differences in warranty periods, regulatory developments with respect to warranty obligations in the countries in which the Company carries on business, freight expense, and material usage and other related repair costs. The Company's estimates of costs are based upon historical experience and expectations of future return rates and unit warranty repair cost. If the Company experiences increased or decreased warranty activity, or increased or decreased costs associated with servicing those obligations, revisions to the estimated warranty liability would be recognized in the reporting period when such revisions are made.

Advertising costs

The Company expenses all advertising costs as incurred. These costs are included in selling, marketing and administration.

\$US in thousands, except share and per share data, and where otherwise indicated

4. CASH, CASH EQUIVALENTS AND INVESTMENTS

The components of cash, cash equivalents and investments were as follows:

	Cost Basis	Unrealized Gains	Unrealized Losses	Recorded Basis	Cash and Cash Equivalents	Short-term Investments	Long-term Investments
As at February 27, 2010							
Bank balances	\$ 535,445	\$ —	\$ —	\$ 535,445	\$ 535,445	\$ —	\$ —
Money market fund	3,278	—	—	3,278	3,278	—	—
Bankers acceptances and term deposits/certificates	377,596	—	—	377,596	377,596	—	—
Commercial paper and corporate notes/bonds	855,145	6,528	(49)	861,624	472,312	187,369	201,943
Treasury bills/notes	203,514	129	(12)	203,631	92,272	50,786	60,573
Government sponsored enterprise notes	447,131	2,590	(13)	449,708	69,958	111,977	267,773
Asset-backed securities	393,751	5,280	(50)	398,981	—	10,482	388,499
Auction-rate securities	40,527	—	(7,688)	32,839	—	—	32,839
Other investments	6,621	—	—	6,621	—	—	6,621
	<u>\$2,863,008</u>	<u>\$14,527</u>	<u>\$ (7,812)</u>	<u>\$2,869,723</u>	<u>\$1,550,861</u>	<u>\$360,614</u>	<u>\$958,248</u>

Realized gains and losses on available-for-sale securities comprise the following:

For the year ended	February 27, 2010	February 28, 2009	March 1, 2008
Realized gains	\$439	\$ 158	\$ 10
Realized losses	(17)	(1,801)	(410)
Net realized gains (losses)	<u>\$422</u>	<u>\$(1,643)</u>	<u>\$(400)</u>

The contractual maturities of available-for-sale investments at February 27, 2010 were as follows:

	Cost Basis	Fair Value
Due in one year or less	\$1,371,047	\$1,372,752
Due in one to five years	773,471	783,451
Due after five years	173,146	168,176
No fixed maturity date	3,278	3,278
	<u>\$2,320,942</u>	<u>\$2,327,657</u>

5. FAIR VALUE MEASUREMENTS

The Company defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use in pricing the asset or liability such as inherent risk, non-performance risk and credit risk. The Company applies the following fair value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value into three levels:

- Level 1 — Unadjusted quoted prices at the measurement date for identical assets or liabilities in active markets.
- Level 2 — Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar

assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 — Significant unobservable inputs which are supported by little or no market activity.

The fair value hierarchy also requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The carrying amounts of the Company's cash and cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities, approximate fair value due to their short maturities. When determining the fair value of its investments held, the Company primarily relies on an independent third party valuator for the fair valuation of securities.

\$US in thousands, except share and per share data, and where otherwise indicated

6. INVENTORIES

Inventories were comprised as follows:

	February 27, 2010	February 28, 2009
Raw materials	\$ 490,063	\$464,497
Work in process	231,939	250,728
Finished goods	17,068	35,264
Provision for excess and obsolete inventories	(117,459)	(68,089)
	<u>\$ 621,611</u>	<u>\$682,400</u>

7. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment were comprised of the following:

February 27, 2010	Cost	Accumulated amortization	Net book value
Land	\$ 104,254	\$ —	\$ 104,254
Buildings, leaseholds and other	926,747	115,216	811,531
BlackBerry operations and other information technology	1,152,637	484,180	668,457
Manufacturing equipment, research and development equipment, and tooling	347,692	182,228	165,464
Furniture and fixtures	346,641	139,766	206,875
	<u>\$2,877,971</u>	<u>\$921,390</u>	<u>\$1,956,581</u>

As at February 27, 2010, the carrying amount of assets under construction was \$254.3 million (February 28, 2009 — \$88.9 million). Of this amount, \$110.9 million (February 28, 2009 — \$50.0 million) was included in buildings, leaseholds and other; \$102.5 million (February 28, 2009 - \$35.8 million) was included in BlackBerry operations and other information technology; and \$40.9 million (February 28, 2009 — \$3.2 million) was included in manufacturing equip-

ment, research and development equipment, and tooling. As at February 27, 2010, \$31.7 million has been classified as an asset held for sale and accordingly has been reclassified from property, plant and equipment to other current assets. For the year ended February 27, 2010, amortization expense related to property, plant and equipment was \$344.5 million (February 28, 2009 — \$203.4 million; March 1, 2008 — \$133.1 million).

8. INTANGIBLE ASSETS, NET

Intangible assets were comprised of the following:

February 27, 2010	Cost	Accumulated amortization	Net book value
Acquired technology	\$ 165,791	\$ 70,777	\$ 95,014
Licenses	711,969	196,618	515,351
Patents	889,467	173,469	715,998
	<u>\$1,767,227</u>	<u>\$440,864</u>	<u>\$1,326,363</u>

For the year ended February 27, 2010, amortization expense related to intangible assets was \$271.1 million (February 28, 2009 — \$124.5 million; March 1, 2008 — \$44.3 million). Total additions to intangible assets in fiscal 2010 were \$531.0 million (2009 — \$721.1 million). Based on the carrying value of the identified intangible assets as at February 27, 2010 and assuming no subsequent impairment of the

underlying assets, the annual amortization expense for the next five fiscal years is expected to be as follows: 2011 — \$324 million; 2012 — \$275 million; 2013 — \$227 million; 2014 — \$139 million; and 2015 — \$61 million. The weighted-average remaining useful life of the acquired technology is 3.4 years (2009 – 3.7 years).

\$US in thousands, except share and per share data, and where otherwise indicated

10. INCOME TAXES

The difference between the amount of the provision for income taxes and the amount computed by multiplying income before income taxes by the statutory Canadian tax rate is reconciled as follows:

For the year ended	February 27, 2010	February 28, 2009
Statutory Canadian tax rate	32.8%	33.4%
Expected income tax provision	\$1,072,395	\$935,881
Differences in income taxes resulting from:		
Impact of Canadian U.S. dollar functional currency election	(145,000)	—
Investment tax credits	(101,214)	(81,173)
Manufacturing and processing activities	(52,053)	(49,808)
Foreign exchange	2,837	99,575
Foreign tax rate differences	5,291	(16,273)
Non-deductible stock compensation	9,600	10,500
Adjustments to deferred tax balances for enacted changes in tax laws and rates	7,927	1,260
Other differences	9,583	7,785
	<u>\$ 809,366</u>	<u>\$907,747</u>

11. CAPITAL STOCK

(a) Capital stock

The Company is authorized to issue an unlimited number of non-voting, redeemable, retractable Class A common shares, an unlimited number of voting common shares and an unlimited number of non-voting, cumulative, redeemable, retractable preferred shares. At February 27, 2010 and February 28, 2009, there were no Class A common shares or preferred

shares outstanding. The Company declared a 3-for-1 stock split of the Company's outstanding common shares on June 28, 2007. The stock split was implemented by way of a stock dividend. Shareholders received an additional two common shares of the Company for each common share held. The stock dividend was paid on August 20, 2007 to common shareholders of record at the close of business on August 17, 2007. All share, earnings per share and stock option data have been adjusted to reflect this stock dividend.

The following details the changes in issued and outstanding common shares for the year ended February 27, 2010:

	Capital Stock		Treasury Stock	
	Stock Outstanding (000's)	Amount	Stock Outstanding (000's)	Amount
Common shares outstanding as at February 28, 2009	566,219	2,208,235	—	—
Exercise of stock options	3,408	30,246	—	—
Conversion of restricted share units	2	—	—	—
Transfers to capital stock resulting from stock option exercises	—	15,647	—	—
Restricted share unit plan purchase of shares	—	—	1,459	(94,463)
Common shares repurchased	(12,300)	(46,519)	—	—
Common shares outstanding as at February 27, 2010	<u>557,329</u>	<u>\$2,207,609</u>	<u>1,459</u>	<u>\$(94,463)</u>

On November 4, 2009, the Company's Board of Directors authorized a Common Share Repurchase Program for the repurchase and cancellation, through the facilities of the NASDAQ Stock Market, common shares having an aggregate purchase price of up to \$1.2 billion, or approximately 21 million common shares based on trading prices at the time of the authorization. This represents approximately 3.6% of the outstanding common shares of the Company at the time of the authorization. All common shares repurchased by the Company pursuant to the Common Share Repurchase Program have been cancelled. The Common Share Repurchase Program will remain in place for up to 12 months from November 4, 2009 or until the purchases are completed or the program is terminated by the Company.

(b) Stock-based compensation

Stock Option Plan

The Company recorded a charge to income and a credit to paid-in-capital of \$37.0 million in fiscal 2010 (fiscal 2009 — \$38.1 million; fiscal 2008 — \$33.7 million) in relation to stock-based compensation expense.

The Company has not paid a dividend in the previous twelve fiscal years and has no current expectation of paying cash dividends on its common shares.

Restricted Share Unit Plan

During fiscal 2010, the trustee purchased 1,458,950 common shares for total consideration of approximately \$94.5 million

\$US in thousands, except share and per share data, and where otherwise indicated

to comply with its obligations to deliver shares upon vesting. These purchased shares are classified as treasury stock for accounting purposes and included in the shareholders' equity section of the Company's consolidated balance sheet. The Company recorded compensation expense with respect to RSUs of \$21.0 million in the year ended February 27, 2010 (February 28, 2009 — \$196; March 1, 2008 — \$33).

12. COMMITMENTS AND CONTINGENCIES

(a) Credit Facility

The Company has \$150.0 million in unsecured demand credit facilities (the "Facilities") to support and secure operating and financing requirements. As at February 27, 2010, the Company has utilized \$6.9 million of the Facilities for outstanding letters of credit, and \$143.1 million of the Facilities are unused.

(b) Lease commitments

The Company is committed to future minimum annual lease payments under operating leases as follows:

	Real Estate	Equipment and other	Total
For the years ending			
2011	\$ 35,088	\$1,917	\$ 37,005
2012	30,611	1,202	31,813
2013	27,841	163	28,004
2014	26,178	—	26,178
2015	21,755	—	21,755
Thereafter	63,631	—	63,631
	<u>\$205,104</u>	<u>\$3,282</u>	<u>\$208,386</u>

For the year ended February 27, 2010, the Company incurred rental expense of \$39.6 million (February 28, 2009 — \$22.7 million; March 1, 2008 — \$15.5 million).

(c) Litigation

The Company is involved in litigation in the normal course of its business, both as a defendant and as a plaintiff. The Company may be subject to claims (including claims related to patent infringement, purported class actions and derivative actions) either directly or through indemnities against these claims that it provides to certain of its partners.

13. PRODUCT WARRANTY

The Company estimates its warranty costs at the time of revenue recognition based on historical warranty claims experience and records the expense in cost of sales. The warranty accrual balance is reviewed quarterly to establish that it materially reflects the remaining obligation based on the anticipated future expenditures over the balance of the obligation period. Adjustments are made when the actual warranty claim experience differs from estimates. The change in the Company's warranty expense and actual warranty experience from March 3, 2007 to February 27, 2010 as well as the accrued warranty obligations as at February 27, 2010 are set forth in the following table:

Accrued warranty obligations as at March 3, 2007	\$ 36,669
Actual warranty experience during fiscal 2008	(68,166)
Fiscal 2008 warranty provision	<u>116,045</u>
Accrued warranty obligations as at March 1, 2008	84,548
Actual warranty experience during fiscal 2009	(146,434)
Fiscal 2009 warranty provision	258,757
Adjustments for changes in estimate	<u>(12,536)</u>
Accrued warranty obligations as at February 28, 2009	184,335
Actual warranty experience during fiscal 2010	(416,393)
Fiscal 2010 warranty provision	462,834
Adjustments for changes in estimate	<u>21,541</u>
Accrued warranty obligations as at February 27, 2010	<u>\$ 252,317</u>

Deferred Share Unit Plan

The Company issued 14,593 DSUs in the year ended February 27, 2010. There are 34,801 DSUs outstanding as at February 27, 2010 (February 28, 2009 — 20,208). The Company had a liability of \$2.5 million in relation to the DSU plan as at February 27, 2010 (February 28, 2009 — \$834).

\$US in thousands, except share and per share data, and where otherwise indicated

14. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

For the year ended	February 27, 2010	February 28, 2009	March 1, 2008
Net income for basic and diluted earnings per share available to common shareholders	\$2,457,144	\$1,892,616	\$1,293,867
Weighted-average number of shares outstanding (000's) — basic	564,492	565,059	559,778
Effect of dilutive securities (000's) — stock-based compensation	5,267	9,097	13,052
Weighted-average number of shares and assumed conversions (000's) — diluted	569,759	574,156	572,830
Earnings per share — reported			
Basic	\$ 4.35	\$ 3.35	\$ 2.31
Diluted	\$ 4.31	\$ 3.30	\$ 2.26

15. COMPREHENSIVE INCOME (LOSS)

The components of comprehensive income (loss) are shown in the following table:

For the year ended	February 27, 2010	February 28, 2009	March 1, 2008
Net income	\$2,457,144	\$1,892,616	\$1,293,867
Net change in unrealized gains (losses) on available-for-sale investments	6,803	(7,161)	13,467
Net change in fair value of derivatives designated as cash flow hedges during the year, net of income taxes of \$13,190 (February 28, 2009 - tax recovery of \$8,641; March 1, 2008 - income taxes of \$19,238)	28,324	(6,168)	37,564
Amounts reclassified to earnings during the year, net of income tax recovery of \$6,079 (February 28, 2009 - income taxes of \$4,644; March 1, 2008 - income taxes of \$5,142)	15,508	(16,497)	(9,232)
Comprehensive income	\$2,507,779	\$1,862,790	\$1,335,666

The components of accumulated other comprehensive income (loss) are as follows:

	February 27, 2010	February 28, 2009	March 1, 2008
Accumulated net unrealized gains (losses) on available-for-sale investments	\$ 6,715	\$ (88)	\$ 7,073
Accumulated net unrealized gains on derivative instruments designated as cash flow hedges	44,377	545	23,210
Total accumulated other comprehensive income	\$51,092	\$457	\$30,283

16. SUPPLEMENTAL INFORMATION

(a) Cash flows resulting from net changes in working capital items are as follows:

For the year ended	February 27, 2010	February 28, 2009	March 1, 2008
Accounts receivable	\$(480,610)	\$(936,514)	\$(602,055)
Other receivables	(44,719)	(83,039)	(34,515)
Inventories	60,789	(286,133)	(140,360)
Other current assets	(52,737)	(50,280)	(26,161)
Accounts payable	167,281	177,263	140,806
Accrued liabilities	442,065	506,859	383,020
Income taxes payable	(266,517)	(113,868)	401,270
Deferred revenue	13,739	16,598	8,789
	\$(160,709)	\$(769,114)	\$ 130,794

(b) Certain statement of cash flow information related to interest and income taxes paid is summarized as follows:

For the year ended	February 27, 2010	February 28, 2009	March 1, 2008
Interest paid during the year	\$ —	\$ 502	\$ 518
Income taxes paid during the year	\$1,081,720	\$946,237	\$216,095

\$US in thousands, except share and per share data, and where otherwise indicated

(c) The following items are included in the accrued liabilities balance:

	February 27, 2010	February 28, 2009
Marketing costs	\$ 91,554	\$ 91,160
Vendor inventory liabilities	125,761	18,000
Warranty	252,316	184,335
Royalties	383,939	279,476
Rebates	146,304	134,788
Other	638,386	530,843
	<u>\$1,638,260</u>	<u>\$1,238,602</u>

Other accrued liabilities as noted in the above chart, include, among other things, salaries, payroll withholding taxes and incentive accruals, none of which are greater than 5% of the current liability balance.

(d) Additional information

Advertising expense, which includes media, agency and promotional expenses totalling \$790.8 million (February 28, 2009 — \$718.9 million; March 1, 2008 — \$336.0 million) is included in selling, marketing and administration expense.

Selling, marketing and administration expense for the fiscal year includes \$58.4 million with respect to foreign exchange losses (February 28, 2009 – loss of \$6.1 million; March 1, 2008 – loss of \$5.3 million). For the year ended February 27, 2010, the Company recorded a \$54.3 million charge primarily relating to the reversal of foreign exchange gains previously recorded in fiscal 2009 on the revaluation of Canadian dollar denominated tax liability balances.

17. DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative instruments to manage exposures to foreign exchange risk resulting from transactions in currencies other than its functional currency, the U.S. dollar. The Company's risk management objective in holding derivative instruments is to reduce the volatility of current and future income as a result of changes in foreign currency. To limit its exposure to adverse movements in foreign currency exchange rates, the Company enters into foreign currency forward and option contracts.

18. SEGMENT DISCLOSURES

The Company is organized and managed as a single reportable business segment. The Company's operations are substantially all related to the research, design, manufacture and sales of wireless communications products, services and software. Selected financial information is as follows:

Revenue, classified by major geographic segments in which our customers are located, was as follows:

For the year ended	February 27, 2010	February 28, 2009	March 1, 2008
Revenue			
Canada	\$ 843,762	\$ 887,005	\$ 438,302
United States	8,619,762	6,967,598	3,528,858
United Kingdom	1,447,417	711,536	461,592
Other	4,042,283	2,499,047	1,580,643
	<u>\$14,953,224</u>	<u>\$11,065,186</u>	<u>\$6,009,395</u>

	February 27, 2010	February 28, 2009
Total assets		
Canada	\$ 4,502,522	\$3,218,640
United States	4,059,174	2,646,783
United Kingdom	1,195,534	1,931,387
Other	447,179	304,562
	<u>\$10,204,409</u>	<u>\$8,101,372</u>

Apple Financial Report

APPLE INC.
CONSOLIDATED BALANCE SHEETS
(in millions, except share amounts)

	<u>September 26, 2009</u>	<u>September 27, 2008</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,263	\$11,875
Short-term marketable securities	18,201	10,236
Accounts receivable, less allowances of \$52 and \$47, respectively . . .	3,361	2,422
Inventories	455	509
Deferred tax assets	1,135	1,044
Other current assets	3,140	3,920
Total current assets	31,555	30,006
Long-term marketable securities	10,528	2,379
Property, plant and equipment, net	2,954	2,455
Goodwill	206	207
Acquired intangible assets, net	247	285
Other assets	2,011	839
Total assets	<u>\$47,501</u>	<u>\$36,171</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 5,601	\$ 5,520
Accrued expenses	3,852	4,224
Deferred revenue	2,053	1,617
Total current liabilities	11,506	11,361
Deferred revenue – non-current	853	768
Other non-current liabilities	3,502	1,745
Total liabilities	<u>15,861</u>	<u>13,874</u>
Shareholders' equity		
Common stock, no par value; 1,800,000,000 shares authorized; 899,805,500 and 888,325,973 shares issued and outstanding, respectively	8,210	7,177
Retained earnings	23,353	15,129
Accumulated other comprehensive income/(loss)	77	(9)
Total shareholders' equity	<u>31,640</u>	<u>22,297</u>
Total liabilities and shareholders' equity	<u>\$47,501</u>	<u>\$36,171</u>

APPLE INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except share amounts which are reflected in thousands and per share amounts)

For fiscal year ended	September 26, 2009	September 27, 2008	September 29, 2007
Net sales	\$ 42,905	\$ 37,491	\$ 24,578
Cost of sales	25,683	24,294	16,426
Gross margin	<u>17,222</u>	<u>13,197</u>	<u>8,152</u>
Operating expenses			
Research and development	1,333	1,109	782
Selling, general and administrative	4,149	3,761	2,963
Total operating expenses	<u>5,482</u>	<u>4,870</u>	<u>3,745</u>
Operating income	11,740	8,327	4,407
Other income and expense	<u>326</u>	<u>620</u>	<u>599</u>
Income before provision for income taxes	12,066	8,947	5,006
Provision for income taxes	<u>3,831</u>	<u>2,828</u>	<u>1,511</u>
Net income	<u>\$ 8,235</u>	<u>\$ 6,119</u>	<u>\$ 3,495</u>
Earnings per common share:			
Basic	\$ 9.22	\$ 6.94	\$ 4.04
Diluted	\$ 9.08	\$ 6.78	\$ 3.93
Shares used in computing earnings per share:			
Basic	893,016	881,592	864,595
Diluted	907,005	902,139	889,292

APPLE INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in millions, except share amounts which are reflected in thousands)

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
	Shares	Amount			
Balances as of September 30, 2006	855,263	\$ 4,355	\$ 5,607	\$ 22	\$ 9,984
Components of comprehensive income:					
Net income	—	—	3,495	—	3,495
Change in foreign currency translation	—	—	—	51	51
Change in unrealized loss on available-for-sale securities, net of tax	—	—	—	(7)	(7)
Change in unrealized gain on derivative instruments, net of tax	—	—	—	(3)	(3)
Total comprehensive income					3,536
Stock-based compensation	—	251	—	—	251
Common stock issued under stock plans, net of shares withheld for employee taxes	17,066	364	(2)	—	362
Tax benefit from employee stock plan awards	—	398	—	—	398
Balances as of September 29, 2007	872,329	5,368	9,100	63	14,531
Cumulative effect of change in accounting principle	—	45	11	—	56
Components of comprehensive income:					
Net income	—	—	6,119	—	6,119
Change in foreign currency translation	—	—	—	(28)	(28)
Change in unrealized loss on available-for-sale securities, net of tax	—	—	—	(63)	(63)
Change in unrealized gain on derivative instruments, net of tax	—	—	—	19	19
Total comprehensive income					6,047
Stock-based compensation	—	513	—	—	513
Common stock issued under stock plans, net of shares withheld for employee taxes	15,888	460	(101)	—	359
Issuance of common stock in connection with an asset acquisition	109	21	—	—	21
Tax benefit from employee stock plan awards	—	770	—	—	770
Balances as of September 27, 2008	888,326	7,177	15,129	(9)	22,297
Components of comprehensive income:					
Net income	—	—	8,235	—	8,235
Change in foreign currency translation	—	—	—	(14)	(14)
Change in unrealized loss on available-for-sale securities, net of tax	—	—	—	118	118
Change in unrealized gain on derivative instruments, net of tax	—	—	—	(18)	(18)
Total comprehensive income					8,321
Stock-based compensation	—	707	—	—	707
Common stock issued under stock plans, net of shares withheld for employee taxes	11,480	404	(11)	—	393
Tax benefit from employee stock plan awards, including transfer pricing adjustments	—	(78)	—	—	(78)
Balances as of September 26, 2009	899,806	\$ 8,210	\$23,353	\$ 77	\$31,640

APPLE INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

For fiscal year ended	September 26, 2009	September 27, 2008	September 29, 2007
Cash and cash equivalents, beginning of the year	\$ 11,875	\$ 9,352	\$ 6,392
Operating Activities			
Net income	8,235	6,119	3,495
Adjustments to reconcile net income to cash generated by operating activities			
Depreciation, amortization and accretion	734	496	327
Stock-based compensation expense	710	516	242
Deferred income tax expense	1,040	398	73
Loss on disposition of property, plant and equipment	26	22	12
Changes in operating assets and liabilities			
Accounts receivable, net	(939)	(785)	(385)
Inventories	54	(163)	(76)
Other current assets	749	(274)	(1,279)
Other assets	(902)	289	285
Accounts payable	92	596	1,494
Deferred revenue	521	718	566
Other liabilities	(161)	1,664	716
Cash generated by operating activities	<u>10,159</u>	<u>9,596</u>	<u>5,470</u>
Investing Activities			
Purchases of marketable securities	(46,724)	(22,965)	(11,719)
Proceeds from maturities of marketable securities	19,790	11,804	6,483
Proceeds from sales of marketable securities	10,888	4,439	2,941
Purchases of other long-term investments	(101)	(38)	(17)
Payments made in connection with business acquisitions, net of cash acquired	—	(220)	—
Payment for acquisition of property, plant and equipment	(1,144)	(1,091)	(735)
Payment for acquisition of intangible assets	(69)	(108)	(251)
Other	(74)	(10)	49
Cash used in investing activities	<u>(17,434)</u>	<u>(8,189)</u>	<u>(3,249)</u>
Financing Activities			
Proceeds from issuance of common stock	475	483	365
Excess tax benefits from stock-based compensation	270	757	377
Cash used to net share settle equity awards	(82)	(124)	(3)
Cash generated by financing activities	<u>663</u>	<u>1,116</u>	<u>739</u>
(Decrease)/increase in cash and cash equivalents	<u>(6,612)</u>	<u>2,523</u>	<u>2,960</u>
Cash and cash equivalents, end of the year	<u>\$ 5,263</u>	<u>\$11,875</u>	<u>\$ 9,352</u>
Supplemental cash flow disclosures:			
Cash paid for income taxes, net	\$ 2,997	\$ 1,267	\$ 863

Palm Financial Report

Palm, Inc.
Consolidated Balance Sheets
(In thousands, except par value amounts)

	May 31, 2009	May 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 152,400	\$ 176,918
Short-term investments	102,733	81,830
Accounts receivable, net of allowance for doubtful accounts of \$350 and \$1,169, respectively	66,452	116,430
Inventories	19,716	67,461
Deferred income taxes	174	82,011
Prepays and other	12,104	15,436
Total current assets	353,579	540,086
Restricted investments	9,496	8,620
Non-current auction rate securities	6,105	29,944
Deferred costs	14,896	—
Property and equipment, net	31,167	39,636
Goodwill	166,320	166,332
Intangible assets, net	48,914	61,048
Deferred income taxes	331	318,850
Other assets	12,428	15,746
Total assets	<u>\$ 643,236</u>	<u>\$1,180,262</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	\$ 105,628	\$ 161,642
Income taxes payable	475	1,088
Deferred revenues	18,429	4,080
Accrued restructuring	6,090	8,058
Current portion of long-term debt	4,000	4,000
Other accrued liabilities	207,820	232,478
Total current liabilities	342,442	411,346
Non-current liabilities		
Long-term debt	390,000	394,000
Non-current deferred revenues	13,077	—
Non-current tax liabilities	5,783	6,127
Other non-current liabilities	—	2,098
Series B redeemable convertible preferred stock, \$0.001 par value, 325 shares authorized and outstanding; aggregate liquidation value: \$325,000	265,412	255,671
Series C redeemable convertible preferred stock, \$0.001 par value, 100 shares authorized; outstanding: 51 shares and 0 shares, respectively; aggregate liquidation value: \$51,000 and \$0, respectively	40,387	—
Stockholders' equity (deficit)		
Preferred stock, \$0.001 par value, 125,000 shares authorized:		
Series A: 2,000 shares authorized, none outstanding	—	—
Common stock, \$0.001 par value, 2,000,000 shares authorized; outstanding: 139,687 shares and 108,369 shares, respectively	140	108
Additional paid-in capital	854,649	659,141
Accumulated deficit	(1,269,672)	(537,484)
Accumulated other comprehensive income (loss)	1,018	(10,745)
Total stockholders' equity (deficit)	(413,865)	111,020
Total liabilities and stockholders' equity (deficit)	<u>\$ 643,236</u>	<u>\$1,180,262</u>

Palm, Inc.
Consolidated Statements of Operations
(In thousands, except per share amounts)

Years Ended May 31	2009	2008	2007
Revenues	\$ 735,872	\$1,318,691	\$1,560,507
Cost of revenues	576,113	916,810	985,369
Gross profit	159,759	401,881	575,138
Operating expenses			
Sales and marketing	174,052	229,702	248,685
Research and development	177,210	202,764	190,952
General and administrative	55,923	60,778	59,762
Amortization of intangible assets	3,054	3,775	1,981
Restructuring charges	16,134	30,353	—
Casualty recovery	(268)	—	—
Patent acquisition cost (refund)	(1,537)	5,000	—
Gain on sale of land	—	(4,446)	—
In-process research and development	—	—	3,700
Total operating expenses	424,568	527,926	505,080
Operating income (loss)	(264,809)	(126,045)	70,058
Impairment of non-current auction rate securities	(35,885)	(32,175)	—
Interest (expense)	(25,299)	(20,397)	(1,970)
Interest income	5,840	21,860	25,958
Loss on series C derivative	(2,515)	—	—
Other income (expense), net	(5,255)	(1,471)	(1,619)
Income (loss) before income taxes	(327,923)	(158,228)	92,427
Income tax provision (benefit)	404,265	(52,809)	36,044
Net income (loss)	(732,188)	(105,419)	56,383
Accretion of series B and series C redeemable convertible preferred stock	21,285	5,516	—
Net income (loss) applicable to common shareholders	<u><u>\$ (753,473)</u></u>	<u><u>\$ (110,935)</u></u>	<u><u>\$ 56,383</u></u>
Net income (loss) per common share:			
Basic	<u><u>\$ (6.51)</u></u>	<u><u>\$ (1.05)</u></u>	<u><u>\$ 0.55</u></u>
Diluted	<u><u>\$ (6.51)</u></u>	<u><u>\$ (1.05)</u></u>	<u><u>\$ 0.54</u></u>
Shares used to compute net income (loss) per common share:			
Basic	<u><u>115,725</u></u>	<u><u>105,891</u></u>	<u><u>102,757</u></u>
Diluted	<u><u>115,725</u></u>	<u><u>105,891</u></u>	<u><u>104,442</u></u>

Palm, Inc.
Consolidated Statements of Stockholders' Equity (Deficit) and Comprehensive Income (Loss)
(In thousands)

	Common Stock	Additional Paid-In Capital	Unamortized Deferred Stock-Based Compensation	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balances, May 31, 2006	\$ 103	\$ 1,475,319	\$ (2,752)	\$ (488,081)	\$ (684)	\$ 983,905
Components of comprehensive income:						
Net income	—	—	—	56,383	—	56,383
Net unrealized gains on available-for-sale investments	—	—	—	—	1,522	1,522
Recognized gains included in results of operations	—	—	—	—	(110)	(110)
Accumulated translation adjustments	—	—	—	—	915	915
Total comprehensive income	—	—	—	—	—	58,710
Common stock issued under stock plans, net	3	21,923	—	—	—	21,926
Stock-based compensation expense	—	21,503	2,752	—	—	24,255
Tax benefit from employee stock options	—	4,578	—	—	—	4,578
Shares repurchased and retired	(2)	(30,961)	—	—	—	(30,963)
Balances, May 31, 2007	104	1,492,362	—	(431,698)	1,643	1,062,411
Components of comprehensive loss:						
Net loss	—	—	—	(105,419)	—	(105,419)
Net unrealized losses on available-for-sale investments	—	—	—	—	(1,261)	(1,261)
Net unrealized losses in value of non-current auction rate securities	—	—	—	—	(44,706)	(44,706)
Net recognized losses on non-current auction rate securities included in results of operations	—	—	—	—	32,175	32,175
Net recognized gains on available-for-sale investments included in results of operations	—	—	—	—	(68)	(68)
Accumulated translation adjustments	—	—	—	—	1,472	1,472
Total comprehensive loss	—	—	—	—	—	(117,807)
Common stock issued under stock plans, net	4	28,433	—	—	—	28,437
Stock-based compensation expense	—	32,181	—	—	—	32,181
Tax deficiency from employee stock options	—	(3,663)	—	—	—	(3,663)
Cash distribution to stockholders	—	(949,691)	—	—	—	(949,691)
Discount recognized on issuance of series B redeemable convertible preferred stock	—	65,035	—	—	—	65,035
Accretion of series B redeemable convertible preferred stock	—	(5,516)	—	—	—	(5,516)
Adjustment to accumulated deficit due to adoption of FIN No. 48 (see Note 16)	—	—	—	(367)	—	(367)
Balances, May 31, 2008	108	659,141	—	(537,484)	(10,745)	111,020
Components of comprehensive loss:						
Net loss	—	—	—	(732,188)	—	(732,188)
Net unrealized losses on available-for-sale investments	—	—	—	—	(1,649)	(1,649)
Net unrealized losses in value of non-current auction rate securities	—	—	—	—	(23,354)	(23,354)
Net recognized losses on non-current auction rate securities included in results of operations	—	—	—	—	35,885	35,885
Net recognized losses on available-for-sale investments included in results of operations	—	—	—	—	3,594	3,594
Accumulated translation adjustments	—	—	—	—	(2,713)	(2,713)
Total comprehensive loss	—	—	—	—	—	(720,425)
Common stock issued under stock plans, net	5	15,531	—	—	—	15,536
Stock-based compensation expense	—	23,853	—	—	—	23,853
Tax benefit from employee stock options	—	1,924	—	—	—	1,924
Distribution liability related to canceled shares of restricted stock	—	34	—	—	—	34
Accretion of series B and series C redeemable convertible preferred stock	—	(21,285)	—	—	—	(21,285)
Warrants recorded in connection with issuance of series C units	—	21,966	—	—	—	21,966
Conversion of series C units and issuance of additional common stock, net	27	101,544	—	—	—	101,571
Discount recognized on issuance of series C redeemable convertible preferred stock	—	51,941	—	—	—	51,941
Balances, May 31, 2009	\$ 140	\$ 854,649	\$ —	\$ (1,269,672)	\$ 1,018	\$ (413,865)

Palm, Inc.
Consolidated Statements of Cash Flows
(In thousands)

Years Ended May 31	2009	2008	2007
Cash flows from operating activities			
Net income (loss)	\$(732,188)	\$(105,419)	\$ 56,383
Adjustments to reconcile net income (loss) to net cash flows from operating activities			
Depreciation	19,677	19,699	13,316
Stock-based compensation	23,853	32,181	24,255
Amortization of intangible assets	12,134	16,510	8,315
Amortization of debt issuance costs	3,139	1,834	—
In-process research and development	—	—	3,700
Deferred income taxes	401,670	(58,227)	11,313
Realized (gain) loss on short-term investments	3,594	(68)	(110)
Excess tax benefit related to stock-based compensation	(142)	(40)	(5,241)
Realized loss (gain) on disposition of property and equipment and sale of land	619	(4,446)	—
Impairment of non-current auction rate securities	35,885	32,175	—
Loss on series C derivative	2,515	—	—
Changes in assets and liabilities			
Accounts receivable	48,425	89,312	2
Inventories	47,571	(28,147)	18,842
Prepays and other	4,542	736	1,790
Accounts payable	(54,883)	(35,840)	11,654
Income taxes payable	(346)	3,033	16,421
Accrued restructuring	(361)	6,303	(1,803)
Deferred revenues/costs, net	12,530	—	—
Other accrued liabilities	(16,746)	12,866	9,354
Net cash provided by (used in) operating activities	(188,512)	(17,538)	168,191
Cash flows from investing activities			
Purchase of brand name intangible asset	—	(1,500)	(44,000)
Purchase of property and equipment	(13,452)	(22,999)	(24,651)
Proceeds from sale of land	—	64,446	—
Cash paid for business acquisitions	—	(495)	(19,000)
Purchase of short-term investments	(112,385)	(517,104)	(682,882)
Sales/maturities of short-term investments	88,109	777,917	671,623
Purchase of restricted investments	(2,000)	(8,951)	—
Sale of restricted investments	1,124	331	—
Proceeds related to investments in non-current auction rate securities	485	250	—
Net cash provided by (used in) investing activities	(38,119)	291,895	(98,910)
Cash flows from financing activities			
Proceeds from issuance of common stock, net	104,049	—	—
Proceeds from issuance of common stock, employee stock plans	15,536	28,437	21,926
Purchase and subsequent retirement of common stock	—	—	(30,963)
Excess tax benefit related to stock-based compensation	142	40	5,241
Proceeds from issuance of redeemable convertible preferred stock and series C units, net	99,173	315,190	—
Proceeds from issuance of debt, net	—	381,107	—
Repayment of debt	(14,446)	(3,089)	(50,816)
Cash distribution to stockholders	(439)	(948,949)	—
Net cash provided by (used in) financing activities	204,015	(227,264)	(54,612)
Effects of exchange rate changes on cash and cash equivalents	(1,902)	1,695	—
Change in cash and cash equivalents	(24,518)	48,788	14,669
Cash and cash equivalents, beginning of period	176,918	128,130	113,461
Cash and cash equivalents, end of period	<u>\$ 152,400</u>	<u>\$ 176,918</u>	<u>\$ 128,130</u>
Supplemental cash flow information:			
Cash paid for income taxes	<u>\$ 3,402</u>	<u>\$ 3,391</u>	<u>\$ 8,900</u>
Cash paid for interest	<u>\$ 21,828</u>	<u>\$ 18,042</u>	<u>\$ 1,741</u>
Non-cash investing and financing activities:			
Liability for property and equipment acquired	<u>\$ —</u>	<u>\$ 3,334</u>	<u>\$ 2,309</u>

Nokia Financial Report

Nokia Corporation and Subsidiaries
Consolidated Statements of Financial Position

December 31	2009 EURm	2008 EURm
ASSETS		
Non-current assets		
Capitalized development costs	143	244
Goodwill	5 171	6 257
Other intangible assets	2 762	3 913
Property, plant and equipment	1 867	2 090
Investments in associated companies	69	96
Available-for-sale investments	554	512
Deferred tax assets	1 507	1 963
Long-term loans receivable	46	27
Other non-current assets	6	10
	12 125	15 112
Current assets		
Inventories	1 865	2 533
Accounts receivable, net of allowances for doubtful accounts (2009: EUR 391 million, 2008: EUR 415 million)	7 981	9 444
Prepaid expenses and accrued income	4 551	4 538
Current portion of long-term loans receivable	14	101
Other financial assets	329	1 034
Investments at fair value through profit and loss, liquid assets	580	—
Available-for-sale investments, liquid assets	2 367	1 272
Available-for-sale investments, cash equivalents	4 784	3 842
Bank and cash	1 142	1 706
	23 613	24 470
Total assets	35 738	39 582
SHAREHOLDERS' EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of the parent		
Share capital	246	246
Share issue premium	279	442
Treasury shares, at cost	(681)	(1 881)
Translation differences	(127)	341
Fair value and other reserves	69	62
Reserve for invested non-restricted equity	3 170	3 306
Retained earnings	10 132	11 692
	13 088	14 208
Minority interests	1 661	2 302
Total equity	14 749	16 510
Non-current liabilities		
Long-term interest-bearing liabilities	4 432	861
Deferred tax liabilities	1 303	1 787
Other long-term liabilities	66	69
	5 801	2 717
Current liabilities		
Current portion of long-term loans	44	13
Short-term borrowings	727	3 578
Other financial liabilities	245	924
Accounts payable	4 950	5 225
Accrued expenses	6 504	7 023
Provisions	2 718	3 592
	15 188	20 355
Total shareholders' equity and liabilities	35 738	39 582

Nokia Corporation and Subsidiaries
Consolidated Income Statements

Financial Year Ended December 31	2009 EURm	2008 EURm	2007 EURm
Net sales	40 984	50 710	51 058
Cost of sales	(27 720)	(33 337)	(33 781)
Gross profit	13 264	17 373	17 277
Research and development expenses	(5 909)	(5 968)	(5 636)
Selling and marketing expenses	(3 933)	(4 380)	(4 379)
Administrative and general expenses	(1 145)	(1 284)	(1 165)
Impairment of goodwill	(908)	—	—
Other income	338	420	2 312
Other expenses	(510)	(1 195)	(424)
Operating profit	1 197	4 966	7 985
Share of results of associated companies	30	6	44
Financial income and expenses	(265)	(2)	239
Profit before tax	962	4 970	8 268
Tax	(702)	(1 081)	(1 522)
Profit	260	3 889	6 746
Profit attributable to equity holders of the parent	891	3 988	7 205
Loss attributable to minority interests	(631)	(99)	(459)
	260	3 889	6 746

	2009 EUR	2008 EUR	2007 EUR
Earnings per share			
(for profit attributable to the equity holders of the parent)			
Basic	0.24	1.07	1.85
Diluted	0.24	1.05	1.83

	2009	2008	2007
Average number of shares (000's shares)			
Basic	3 705 116	3 743 622	3 885 408
Diluted	3 721 072	3 780 363	3 932 008

Nokia Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income

Financial Year Ended December 31	2009 EURm	2008 EURm	2007 EURm
Profit	260	3 889	6 746
Other comprehensive income			
Translation differences	(563)	595	(151)
Net investment hedge gains (losses)	114	(123)	51
Cash flow hedges	25	(40)	(7)
Available-for-sale investments	48	(15)	49
Other increase (decrease), net	(7)	28	(46)
Income tax related to components of other comprehensive income	(44)	58	(12)
Other comprehensive income (expense), net of tax	(427)	503	(116)
Total comprehensive income (expense)	(167)	4 392	6 630
Total comprehensive income (expense) attributable to:			
Equity holders of the parent	429	4 577	7 073
Minority interests	(596)	(185)	(443)
	(167)	4 392	6 630

Nokia Corporation and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity

	Number of shares (000's)	Share capital	Share issue premium	Treasury shares	Translation differences	Fair value and other reserves	Reserve for invested non-restrict. equity	Retained earnings	Before minority interests	Minority interests	Total
Balance at December 31, 2007	3 845 950	246	644	(3 146)	(163)	23	3 299	13 870	14 773	2 565	17 338
Translation differences					595				595		595
Net investment hedge gains, net of tax					(91)				(91)		(91)
Cash flow hedges, net of tax						42			42	(67)	(25)
Available-for-sale investments, net of tax						(3)			(3)	(2)	(5)
Other increase, net								46	46	(17)	29
Profit								3 988	3 988	(99)	3 889
Total comprehensive income		—	—	—	504	39	—	4 034	4 577	(185)	4 392
Stock options exercised	3 547						51		51		51
Stock options exercised related to acquisitions			1						1		1
Share-based compensation			74						74		74
Excess tax benefit on share-based compensation			(117)						(117)	(6)	(124)
Settlement of performance and restricted shares	5 622		(179)	154			(44)		(69)		(69)
Acquisition of treasury shares	(157 390)			(3 123)					(3 123)		(3 123)
Reissuance of treasury shares	143			2					2		2
Cancellation of treasury shares			0	4 232				(4 232)	—		—
Dividend								(1 992)	(1 992)	(35)	(2 027)
Acquisitions and other change in minority interests										(37)	(37)
Vested portion of share-based payment awards related to acquisitions			19						19		19
Acquisition of Symbian								12	12		12
Total of other equity movements		—	(202)	1 265	—	—	7	(6 212)	(5 142)	(78)	(5 220)
Balance at December 31, 2008	3 697 872	246	442	(1 881)	341	62	3 306	11 692	14 208	2 302	16 510
Translation differences					(552)				(552)	(9)	(561)
Net investment hedge gains, net of tax					84				84		84
Cash flow hedges, net of tax						(35)			(35)	49	14
Available-for-sale investments, net of tax						42			42	2	44
Other decrease, net								(1)	(1)	(7)	(8)
Profit								891	891	(631)	260
Total comprehensive income		—	—	—	(468)	7	—	890	429	(596)	(167)
Stock options exercised	7						—				—
Stock options exercised related to acquisitions			(1)						(1)		(1)
Share-based compensation			16						16		16
Excess tax benefit on share-based compensation			(12)						(12)	(1)	(13)
Settlement of performance and restricted shares	10 352		(166)	230			(136)		(72)		(72)
Acquisition of treasury shares									—		—
Reissuance of treasury shares	31			1					1		1
Cancellation of treasury shares				969				(969)	—		—
Dividend								(1 481)	(1 481)	(44)	(1 525)
Total of other equity movements		—	(163)	1 200	—	—	(136)	(2 450)	(1 549)	(45)	(1 594)
Balance at December 31, 2009	3 708 262	246	279	(681)	(127)	69	3 170	10 132	13 088	1 661	14 749

Dividends declared per share were EUR 0.40 for 2009 (EUR 0.40 for 2008 and EUR 0.53 for 2007), subject to shareholders' approval.

Nokia Corporation and Subsidiaries
Consolidated Statements of Cash Flows

Financial Year Ended December 31	2009 EURm	2008 EURm	2007 EURm
Cash flow from operating activities			
Profit attributable to equity holders of the parent	891	3 988	7 205
Adjustments, total	3 390	3 024	1 159
Change in net working capital	140	(2 546)	605
Cash generated from operations	4 421	4 466	8 969
Interest received	125	416	362
Interest paid	(256)	(155)	(59)
Other financial income and expenses, net received	(128)	250	67
Income taxes paid, net received	(915)	(1 780)	(1 457)
Net cash from operating activities	3 247	3 197	7 882
Cash flow from investing activities			
Acquisition of Group companies, net of acquired cash	(29)	(5 962)	253
Purchase of current available-for-sale investments, liquid assets	(2 800)	(669)	(4 798)
Purchase of investments at fair value through profit and loss, liquid assets	(695)	—	—
Purchase of non-current available-for-sale investments	(95)	(121)	(126)
Purchase of shares in associated companies	(30)	(24)	(25)
Additions to capitalized development costs	(27)	(131)	(157)
Long-term loans made to customers	—	—	(261)
Proceeds from repayment and sale of long-term loans receivable	—	129	163
Proceeds from (+) / payment of (-) other long-term receivables	2	(1)	5
Proceeds from (+) / payment of (-) short-term loans receivable	2	(15)	(119)
Capital expenditures	(531)	(889)	(715)
Proceeds from disposal of shares in associated companies	40	3	6
Proceeds from disposal of businesses	61	41	—
Proceeds from maturities and sale of current available-for-sale investments, liquid assets	1 730	4 664	4 930
Proceeds from maturities and sale of investments at fair value through profit and loss, liquid assets	108	—	—
Proceeds from sale of non-current available-for-sale investments	14	10	50
Proceeds from sale of fixed assets	100	54	72
Dividends received	2	6	12
Net cash used in investing activities	(2 148)	(2 905)	(710)
Cash flow from financing activities			
Proceeds from stock option exercises	—	53	987
Purchase of treasury shares	—	(3 121)	(3 819)
Proceeds from long-term borrowings	3 901	714	115
Repayment of long-term borrowings	(209)	(34)	(16)
Proceeds from (+) / repayment of (-) short-term borrowings	(2 842)	2 891	661
Dividends paid	(1 546)	(2 048)	(1 760)
Net cash used in financing activities	(696)	(1 545)	(3 832)
Foreign exchange adjustment	(25)	(49)	(15)
Net increase (+) / decrease (-) in cash and cash equivalents	378	(1 302)	3 325
Cash and cash equivalents at beginning of period	5 548	6 850	3 525
Cash and cash equivalents at end of period	5 926	5 548	6 850
Cash and cash equivalents comprise of:			
Bank and cash	1 142	1 706	2 125
Current available-for-sale investments, cash equivalents	4 784	3 842	4 725
	<u>5 926</u>	<u>5 548</u>	<u>6 850</u>